

1992-98 STATEWIDE CAPITAL IMPROVEMENTS PLAN

EXECUTIVE SUMMARY

THE CAPITAL PLANNING ADVISORY BOARD

The Capital Planning Advisory Board (CPAB) was established by Senate Bill 46, as enacted by the 1990 General Assembly and codified as KRS Chapter 7A. This legislation was based on a recommendation of the Debt Capacity Task Force, established by the 1988 General Assembly, which noted that evaluating how much debt the Commonwealth should have requires an accurate assessment of its capital needs.

The CPAB has fifteen members - five appointees from each branch of state government. Pursuant to statute, the Board is to create a six-year comprehensive statewide capital improvements plan, encompassing all state agencies and universities, to be submitted to the heads of the three branches - the Governor, the Chief Justice, and the Legislative Research Commission - by November 1 of each odd-numbered year. This enables the comprehensive capital plan to be used in the subsequent budget process and in the regular legislative session.

The CPAB completed and submitted its first statewide capital improvements plan, covering the 1990-96 period, in November of 1991. This plan included recommendations on space management goals for the Commonwealth, construction of state-owned office space in Franklin and Fayette Counties, and categories of capital projects deserving special emphasis.

KRS Chapter 7A (the enabling statutes for the Capital Planning Advisory Board) and KRS 42.027 (space management goals as adopted in the *1990-96 Statewide Capital Improvements Plan* and incorporated into statute by the 1992 General Assembly) are provided as Appendix D.

THE 1992-98 PLANS

Guidelines for state agencies and higher education institutions to use in submitting their 1992-98 capital improvements plans were approved by the CPAB at its September 4, 1992 meeting and distributed on October 1, 1992. These guidelines reflected revisions recommended by the agencies and institutions following the 1990-96 planning process. They also recognized and attempted to avoid duplication with the responsibilities of other entities involved in statewide capital planning: (1) the Council on Higher Education was required to submit a systemwide plan for the higher education institutions; (2) computing and telecommunications equipment was to be submitted to the Kentucky Information Systems Commission (KISC) through agency Information Resources Plans (IRP's); and (3) to address road projects, the Board would review the Biennial Highway Construction Program developed by the Transportation Cabinet (KRS Chapters 45 and 48) and the additional four-year highway construction plan (KRS Chapter 176).

The guidelines stipulated that the agency plans should include a status report of projects authorized by the 1992 General Assembly for the 1992-94 biennium, and a plan for all space and capital needs for the subsequent two biennia - 1994-96 and 1996-98. Submissions were to be provided in a Board-approved electronic format.

Agency and higher education systemwide capital planning submissions were due on April 15. Board staff reviewed the submissions to ensure that status information had been provided for the 1992-94 projects and that all information on projects planned for future biennia had been

provided. Staff then analyzed the planned projects and developed summaries highlighting each agency's priorities and major categories of projects.

For the 1994-98 planning period, capital construction and equipment projects totaling \$4.5 billion (including equipment submitted through the IRP process) were submitted to the CPAB. The following charts summarize the projects by area of government and by type of project. A complete listing of all projects is provided in Appendix A.

By Area of Government

Higher Education	\$1,835,739,122 (41%)
Finance	\$1,212,045,000 (27%)
Justice	\$273,269,150 (6%)
Tourism	\$239,717,000 (5%)
CHR	\$202,305,500 (4%)
Workforce Dev.	\$189,648,000 (4%)
Gov't Operations	\$157,672,218 (4%)
Other	\$426,184,823 (9%)

By Type of Project

New Construction/Major Expansion	\$1,846,604,000 (41%)
Major Maintenance/Renov/Alteration	\$805,631,000 (18%)
Projects Pools	\$692,861,000 (15%)
Equipment	\$617,659,182 (14%)
Grant/Loan Programs	\$373,588,000 (8%)
Other	\$200,237,631 (4%)

The Board conducted a two-day meeting in July to review the capital plan submissions and to hear the testimony of representatives of agencies and universities regarding their planning priorities. A subsequent meeting in September focused on the development of Board recommendations based on information received at the July meeting. Also, at its September meeting, the Board received the report of the Kentucky Information Systems Commission. (The "Overview and Assessment" and the list of "High Value Computing and Communications Items" from KISC report are provided as Appendix B.) In October, the Board finalized its recommendations and reviewed a draft of the 1992-98 statewide capital improvements plan to be submitted to the heads of the three branches of government. The Board also received the Transportation Cabinet's draft *Six Year Highway Plan, FY 1995-2000* at the October meeting.

PROJECTS WITH EXCEPTIONAL MERIT

Based on its review of the various capital improvements plans, the Board identified 39 projects as having exceptional merit: List "A" contains those projects deemed to have most exceptional merit. List "B" contains other projects also deemed worthy of consideration based on their merit. There is no significance to the order in which projects are displayed on either list.

- List "A"
- Americans with Disabilities Act - Project Pools
 - Chlorofluorocarbon (CFC) Projects
 - Underground Storage Tank Removal - Project Pools
 - Other Environmental and Life/Fire Safety Requirements
 - Maintenance Pools
 - Emergency Repair, Maintenance and Replacement Fund
 - Parks Revitalization Projects
 - Purchase of Audubon Collection/John James Audubon State Park
 - Juvenile Detention Facilities

Muhlenberg County Prison, Phase II
Kentucky State Reformatory/Replace Maximum Security Mental Health Unit
State Office Building - Franklin County
Fayette County Justice Center
Energy Management Program
Nature Preserves Acquisition Fund (Blanton Forest)
University of Kentucky Central Library
Hopkinsville Regional Technical Training Center
Statewide Data Network
State Police 800 MHz Trunked Radio System
State Records Services Center (Archives Facility)
Department of Personnel - Relocation from Capitol Annex

List "B" 24-Bed Children's Residential Facility, Laurel County-Additional Budget
Human Services Construction Pool-Additional Budget
Hazelwood-Additional Budget
Western State Hospital (replace or renovate)
TWIST - "The Workers Information System"
Hazard Community College Student/Performing Arts Center, Phase I
Ashland Community College Classroom Building
Department of Agriculture Regulatory Equipment
Flood Control Matching Fund
Capital Construction and Equipment Purchase Contingency Fund
Kentucky History Center
New Central Stores Facility
KIA Fund A (Federally Assisted Wastewater Revolving Loan Program)
Commonwealth Convention Center Expansion and Renovation
Renovation of Kentucky River Locks and Dams 5 through 14
Kentucky River Locks and Dams - Construct/Replacement
Economic Development Bond Program
Northern Kentucky Convention Center

Further information on each project including its estimated cost and fund source(s) and a brief description is provided in the "Projects with exceptional merit" section of this report.

RECOMMENDATIONS

A total of 19 recommendations were adopted by the Board in conjunction with the 1992-98 capital planning process. They can be grouped into the following categories: space management and utilization, judicial/corrections, technology/equipment, project approval considerations, requirements for future capital planning and budgeting submissions, higher education deferred maintenance, and an energy management program. Following is a summary of the recommendations in each category. (The complete recommendations, accompanied by relevant background information for each, may be found in the "Recommendations" section of this report.)

SPACE MANAGEMENT AND UTILIZATION

Recognizing that the provision of space to house state agencies represents a significant expenditure of the Commonwealth's resources, and that the location and configuration of that space affects the efficiency and effectiveness with which state services are rendered, the Capital Planning Advisory Board made the following recommendations in the category of space management and utilization:

- That the House and Senate should strongly consider appropriating funds necessary to construct a new Frankfort state office building.
- That legislation be enacted to give state agencies additional space acquisition options.
- That legislation be enacted that would create a new section in the state leasing statutes (KRS 56.800-814), to require that state agencies annually report to the Finance and Administration Cabinet any changes in their use of leased space.
- That the Legislative and Judicial Branches adopt space utilization standards based on the new space utilization standards being developed by the space management and utilization office in the Department for Facilities Management.

JUDICIAL/CORRECTIONS

The significant need and costs involved in providing facilities to house the growing state felon population, as well as the state's responsibility to provide public defender services, resulted in the following recommendations in the category of judicial/corrections:

- That the Governor and the General Assembly take the initiative to authorize juvenile and prison facilities on the basis of need, ahead of other considerations.
- That the 1994 General Assembly review all mandatory sentencing statutes to determine if the sentencing requirements still meet the needs of the Commonwealth.
- That the provision of increased space to accommodate a system of full-time public defenders be deferred pending recommendations of the Task Force on the Delivery and Funding of Quality Public Defender Services.

TECHNOLOGY/EQUIPMENT

Rapidly changing and costly technology and equipment are becoming increasingly important tools in the delivery of services to the citizens of the Commonwealth. As such, the CPAB addressed both the need for statewide leadership for information technology, as well as the need to address costs, in taking the following actions:

- Recommended that legislation be enacted that would clarify the authority and role of the Kentucky Information Systems Commission (KISC), including a provision for KISC to collect data from agencies that will enable it to submit recommendations of project priorities to the Board.
- Directed that agencies locating in the new centralized laboratory facility minimize costs by sharing equipment to the extent possible.
- Requested that the Finance and Administration Cabinet recommend changes in the state purchasing procedures to make those procedures more responsive to the computer and telecommunications equipment acquisition needs of state agencies.

PROJECT APPROVAL CONSIDERATIONS

The statewide capital improvements plan provides a context for the consideration of capital projects proposed for funding in the upcoming budget process. As such, the CPAB took the following actions relative to issues that should be considered by the Governor and General Assembly in authorizing projects to be undertaken in the 1994-96 biennium:

- Urged the Governor and the General Assembly to authorize only those projects which are of the highest quality and address the most pressing government needs.
- Urged the Governor and the General Assembly to authorize very conservative levels of debt until the budget reserve trust fund is adequately funded.
- Directed that agencies and universities requesting funds for capital projects to achieve compliance with the Americans with Disabilities Act (ADA) first demonstrate that they have considered and exhausted less-costly, non-construction alternatives before seeking construction funds; encouraged agencies and universities to identify alternative methods for providing services and programs that would allow them to achieve ADA compliance without costly capital modifications, even if the alternative methods will require legislative changes; and urged each branch to establish a system to provide expertise to assist agencies in understanding what is required in order to be in compliance with ADA.
- Urged that the state establish flood control project priorities and that the Governor and General Assembly budget adequate project funds for any flood control project commitments.
- Recommended that the "pre-approval" of construction projects should be discouraged; however, for projects with the highest priority, the provision of funds for planning and design and site investigation and acquisition, without commitments to future funding, should be encouraged.

REQUIREMENTS FOR FUTURE CAPITAL PLANNING AND BUDGETING SUBMISSIONS

In order to have appropriate and relevant information in future planning and budgeting cycles, the CPAB made the following recommendations in the category of requirements for future capital planning and budgeting submissions:

- That the 1994 General Assembly raise the budgeting and planning thresholds for capital construction projects and computer systems from \$200,000 to \$400,000, with the annual cost threshold for state leases remaining at \$200,000.
- That an "information technology assessment" be required as a component of each proposed capital construction project submitted, beginning with the 1994-2000 planning cycle.

HIGHER EDUCATION DEFERRED MAINTENANCE

Citing concerns that maintenance funding at the public higher education institutions bears the brunt of revenue shortfalls and the resulting budget reductions, the CPAB recommended:

- That the following approach, as developed by the Council on Higher Education (CHE), be implemented to address deferred maintenance issues on the campuses of the higher education institutions: (1) the CHE and CPAB should make maintenance of facilities a high priority in the consideration of new facilities; (2) the CHE and CPAB should require institutions to develop deferred maintenance plans; and (3) the CHE and CPAB should institute a periodic campus facilities condition audit.

ENERGY MANAGEMENT PROGRAM

The CPAB, as well as various other legislative committees and subcommittees, has recently received data indicating that at least 25 percent or \$10 million of the state's \$40 million annual energy costs could be saved through various energy conservation measures and building improvements. Therefore, the Board has recommended:

- That legislation be enacted for the implementation of an energy management program for state facilities.